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Can Anything Stay Secret?

Ronald Pelton's trial triggers a new flap over leaks

He was a bumbler in business and a failure as a family man, and on the evidence he was a flop as a spy, too: a drunk and a drug abuser, he missed key calls at the pay phone in his contact-point pizzeria, and once he lost touch with his Soviet handlers for nearly two years. Still, in the picture drawn by the prosecutor at his espionage trial in Baltimore last week, Ronald W. Pelton may have done his country more damage than any other of the rash of traitors turned up in recent years. As his trial moved toward a verdict, perhaps this week, it underscored the dilemma of how to protect national security in a free society—and it also set up a new conflict between the media and the Reagan administration.

Pelton himself had confessed to the basic charges against him: that after working for the top-secret National Security Agency for 14 years, he sold secrets of its electronic intelligence activities to the Soviet Union for a paltry \$35,000. The problem was to provide an open trial with enough evidence for a jury to convict him without confirming those secrets for the Soviets and disclosing them to the whole world as well. Top Reagan officials wanted to put him away, enough to be willing to divulge more about the NSA than ever before, but they also wanted sharp limits on the lost secrets. That led to some bristly exchanges with the media, particularly NBC and The Washington Post. At one point, CIA Director William Casey asked the Justice Department to consider prosecuting the network and investigating the paper for telling too much.

Casey complained indignantly that "every method we have of obtaining intelligence... has been severely damaged by disclosures of sensitive information" in recent months and years. Nobody disputed the damage. But newsmen feared that he didn't adequately distinguish between the traitors who sold the secrets and the media that told the stories after the damage was done. As in previous administrations dating at least to Lyndon Johnson's, there was a tendency to treat any politically embarrassing leak as a blow to national security. The Pelton trial, with its potential for genuine security violations, was the occasion for a two-pronged effort to crack down on both the media and leakers of all kinds. NEWSWEEK learned that there are plans to upgrade the FBI's longstanding leak squad, but that a cabinet-level group pon-

dering a list of recommendations to the president for anti-leak measures was still far from reaching a consensus.

Pelton himself, said a Justice Department official, is simply "a badass who should be put away for life." But as depicted by Assistant U.S. Attorney John Douglass, he was something of an enigma as well: a near-brilliant, dedicated worker with a retentive memory and access to many areas of the NSA, a positive "gold mine of information"—but somehow, after 14 years at the agency, a man who had risen only to a minor administrative supervisory post paying \$24,500 a year.

It was money problems that started the trouble. As reporters pieced the story together, Pelton, his wife, Judith, and their four children lived in the late '70s in considerable squalor in a decrepit farmhouse in rural Maryland, trying to build a new house nearby. But they were mired in debt, and Pelton later told his FBI interrogators that thieves stole his building materials. He filed for bankruptcy but kept it secret; if the NSA found out, said FBI agent David Faulkner, "it would affect his career and be embarrassing." Rather than tell, he resigned from the agency in 1979. He had vague visions of new careers (as an international financier, as the promoter of an energy-saving device), but they all fell through. Broke and desperate, he started thinking about calling the Soviet Embassy, and on Jan. 14, 1980—"It was almost an impulse," Faulkner quotes him—he did.

The conversation was recorded by U.S. security agents and long afterward played to NSA people who recognized Pelton's voice. It was almost comical: "Vladimir Sorokin speaking. My name is Vladimir." "Vladimir, yes. Ah, I have, ah, I don't like to talk on the telephone." "I see." "Ah, I have something I would like to discuss with you. I think that would be very—interesting to you." "Uh-huh, uh-huh." But next day, Douglass said, Pelton walked in and told the Soviets enough to start a deal. Soon he got a call, on the pay phone at the Pizza Castle in Falls Church, Va. That sent him to another phone booth where he found \$2,000 in a magnetic container, and that

took him to Vienna on the first of three trips for debriefings at the Soviet Embassy.

For the trial, the NSA gave only cryptic outlines of what Pelton is accused of selling. There were details from one document, a 60-page "encyclopedia" of Soviet enciphered signals that he himself had compiled for the NSA; Douglass said that could unveil the NSA's priorities, efficiency and speed. And there were five operations. "Project A," for instance, "involved the use of a certain type of equipment to collect Soviet signals off a particular Soviet communications link at a particular location." NBC had already reported that this meant submarines snooping, and The Washington Post identified the area as the Sea of Okhotsk. That triggered Casey's threat of Justice Department action and a warning to other newsmen not to speculate about the evidence. Four other "projects" remained Delphically phrased, but William P. Crowell Jr., the head of the NSA's Soviet data collection, assured the jury that Pelton's disclosures would let the Soviets take countermeasures and "capitalize on our weaknesses."

As the prosecution told it, Pelton's deal with the Soviets lasted, off and on, for five years. He sometimes lost contact, once for nearly two years until they called him at home; he drifted through a series of jobs, among them a computer consultant and a yacht salesman. He found a mistress, Ann Barry, a self-described former teen beauty queen and bar hostess, who told reporters he paid her \$500 monthly rent and often treated her to costly nights on the town. Sometime last summer, Pelton and his wife separated. Both he and Barry drank heavily and used drugs; one evening, she testified, he was too drunk to drive to the Pizza Castle for his phone call. She took the wheel, she said, but ran out of gas. Morosely, he told her: "Ann, that was our money, and now we're not going to have any." The prosecutors said that call would have set up a fourth trip to Vienna.

Cat and mouse: In the end, what tripped Pelton up was a development straight out of spy fiction: one of his original Soviet contacts, Vitaly Yurchenko, defected to the United States in August last year and told of a turncoat from the NSA. The FBI started a game of cat and mouse, interrogating Pelton in a hotel in Annapolis. The agents tried to give him the impression

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that a deal could be arranged—perhaps even that he could become a double agent—while getting a detailed confession. At one point they let him leave the hotel for a liquid brunch and a Dilaudid buy with Barry. Pelton's attorney, Public Defender Fred Warren Bennett, argues that he was effectively under arrest and should have been warned of his rights. Judge Herbert Murray has already rejected that case in a pretrial hearing; Bennett may be betting that it will play better on appeal.

The true national-security cost of the Pelton case remains a matter of conjecture, but a conviction would put him in the same league with such latter-day turncoats as Christopher Boyce, who stole satellite secrets from the inner sanctum of

TRW, Inc., and the Walker naval family, central figures in another spy trial that has been playing out for the past 10 weeks in San Francisco. "We don't know the full scope" of what Pelton betrayed, said a Justice Department spokesman.

That fact alone lent urgency to Casey's warnings that reporters should beware of exploring any testimony beyond the barest facts. But that red flag in turn prompted so much huffing from the media that Casey and his NSA counterpart, Lt. Gen. William E. Odom, granted the AP a conciliatory interview. Casey denied that "we're trying to tear up the First Amendment," and promised to "work with you" in re-

porting news without blowing secrets.

But Casey remained the point man in the administration's wider mission to stop leaks of almost any kind. Ronald Reagan declared in 1983 that he'd had it "up to my keister" with leaks, and the resulting purge, like vice-squad raids on Times Square prostitution, was effective—for a while. But soon the deterrent wore thin.

Casey has threatened to apply an untested 1950 law to crack down on media that disclose communications secrets. But neither the Justice Department nor the White House is eager to grasp that nettle; the live option is much more likely to be a crack-down on leakers from within. To that end, plans are already afoot to upgrade the FBI's leak squad from a group of junior agents to a team of upper-echelon people who, as one source put it, "could interview cabinet secretaries." In addition, Poin-dexter has asked midlevel officials from sensitive agencies to come up with a wish list of remedies. The prescriptions ranged from a new, covert unit resembling the Watergate "plumbers" to the increased use of polygraph tests. A top-level working group, including Casey, Odom, chief of staff Donald T. Regan, Defense Secretary Caspar Weinberger and Secretary of State George Shultz, has sent the list back for further refining; an aide reported that no policy will be submitted to Reagan until there is consensus. But that may be elusive.

'It's disgusting': As of last week, nobody disagreed that something should be done; the issue was how. Casey, Odom and Weinberger were leading the crackdown activists. The key player may turn out to be Shultz, who rebelled publicly last December when the wholesale use of lie-detector tests was being urged but has since erupted at what he called a "gusher" of leaks. "We've lost all sense of discipline," he told a press group three weeks ago. "It's disgusting the way the stuff leaks out. And we've got to find the people who are doing it and fire them."

Two officials have already been fired: one, in the State Department, for leaking a wire criticizing the behavior of Democratic congressmen visiting Argentina, and another in Defense for flagging a decision to arm Angolan rebels with Stinger missiles. That alone has the deterrent effect of the vice-squad raid. Polygraph tests and checks of phone logs would add a whole new dimension of seriousness and give the crackdown a lasting effect. But barring major new leaks anytime soon, most top sources predicted that the purge would be mostly ad hoc, and that would be sufficient. "The paranoia around here is beginning to grow," said one of them. No, he said, News-WEEK couldn't use his name.

LARRY MARTZ with RICHARD SANDZA,
MARGARET GARRARD WARNER and
MARK MILLER in Washington

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